

COMMISSIONERS APPROVAL

CHILCOTT *g*

THOMPSON *AT*

LYONS

PLETTENBERG (Clerk & Recorder)

Date.....March 8, 2007

Members Present.....Commissioner Greg Chilcott,
Commissioner Alan Thompson and Commissioner Howard Lyons

Minutes: Glenda Wiles

The Board attended a Department Head meeting to discuss the effect of the transition from three Commissioners to five Commissioners in regard to the 2007 fiscal year budget. Internal Auditor Klarryse presented a memo (as attached) reflecting what amount each office/department will need to reduce their 2007 fiscal year budget. For example the Commissioners will be cutting \$1,697 from their budget and the County Attorney will be cutting \$1,515. The costs associated with the two new positions plus salaries for approximately two weeks of this fiscal years budget are estimated at \$102,600. Clerk and Recorder Regina Wilson has indicated she will not purchase some election equipment this year at a cost savings of \$27,500 and the Commissioners will also contribute \$40,000 from their Family Services Contract Attorney line. Klarryse stated each department/office can also utilize their capital reserve funds or take from their existing line items (done by budget transfer) in order to contribute their portion. The budget transfers will need to be done by the end of March as Regina is already accruing some costs in the April election.

County Attorney George Corn indicated there are some untapped revenue sources that are not being utilized. He presented a memo (as attached) to show that Planning could charge reasonable fees to the subdividers and the Commissioners could charge reasonable rates for leasing the land, as well as other fees at the airport.

Commissioner Chilcott stated the Planning Office does charge reasonable fees and not all work done in the planning office is due to development. George disagreed by stating the issues of open lands, zoning, board of adjustments etc. are a direct result of the subdivision and growth in the valley.

The Commissioners also gave a brief update on their recent visits to Washington D.C. Commissioner Chilcott lobbied the legislators to keep the Secure Rural School Act monies which appears might have a 'stay' for another year. Commissioner Thompson also went to Washington D.C. arriving home early this morning. He is a member of the

Public Lands Committee and as such they deal with the forest lands within the counties, and therefore they lobby the legislators in order to keep our PILT funding (payment in lieu of taxes) as it funds approximately \$1,260,000 of our total budget.

Klarryse indicated the Montana State University has set the COLA (cost of living) at 3.2% for the upcoming FY 2008 budget year. She reminded the department heads and Elected Officials that 80% of their budgets are salaries and benefits. She advised them to schedule a meeting with Skip Rosenthal to 'run' their budgets for next year so they can keep on track. Klarryse will be working with Glenda in the near future to set the budget hearing schedule. She advised them to bring seven budget proposals with them to their hearing and each proposal should have a narrative. The budget adoption should occur on Sept 20, 2007.

In other business the Board met John Schneeberger and Corrine Grantt who are the business representatives of the new Bitterroot Composite Lumber Company that intend to start a business at the Old Darby Lumber Company in Darby. They intend to utilize compost and wood fiber from small diameter timber and wood waste in order to develop wood products for sale such as deck construction and other outdoor use. They hope to utilize the Ravalli County Economic Development Authority, U.S.D.A., Montana Community Development Corporation and Missoula Area Economic Development Corporation for assistance in their business start up and costs.

Julie Foster, Executive Director of RCDEA stated she had starting working with John and Corrine Grantt in 2005 on this project.

Dick King of Missoula Area Economic Development Cooperation explained Industrial Revenue Bonds which are utilized in all states except Arizona. Industrial Revenue Bonds is a technique whereby a state or local government allows a private user, like a manufacturing company, to benefit from the government's status as a tax-exempt entity and its ability to issue debt obligations at tax exempt rates. Simply stated this is a transfer of government issued financing bonds to private companies. This is tax exempt financing to a private borrower. There must be a market for the bonds as someone has to purchase them. Bonds also allow the repayments on a schedule that will allow the new business to have some working capital. The county is not obligated for these bonds. Under state law, the authority to allow this type of bonds to be purchased comes from the Commissioners, but the facilitator to transfer these bonds is the Ravalli County EDA. Industrial Revenue Bonds are good for purchasing equipment. These bonds will be private and not the responsibility of the county or RCEDA. There is a 10 million dollar limit for these small issue revenue bonds. Both private individuals and banks purchase the bonds. Dick also stated there is no liability for these bonds if the business were to not succeed.

John stated they hope to employ 25 people and they hope to pay \$16.00 per hour plus benefits so they will qualify for Montana Board of Investment dollars. John stated while this is an expanding market they want to start out with the right amount of employees and build up slowly and correctly.

In regard to bio mass they need 19,000 tons of green mass per year. They will start their business looking at the purchase of 'wood flour' and after the products are developed they hope to create their own wood flour. He stated there is a growing demand for mill waste and they hope to look at the mill waste which is almost 'wood flour' through out the valley in order to utilize this for their Strandex products. They also plan to recycle milk jugs to obtain the polyethylene for products.

Commissioner Thompson asked if there are any administrative fees that RCEDA collect. Dick stated the issuing entity is allowed to charge a small rate .25 %. Commissioner Thompson stated he is encouraged about this potential for development.

John stated they hope to purchase 10 million dollars per year of plastic and bio mass. While they plan to purchase the wood flour and plastic at the start, they hope to produce their own wood flour which will mean more jobs for those who go into the forest to retrieve the biomass.

Corrine stated they have worked with DEQ in order to get some recycling started. They hope to produce 9 million linear feet of the Strandex board every year.

Dick stated this is a private company and they will pay the proper property taxes.

Commissioner Lyons asked again if there was any liability to the county. Dick stated the county does not take on any risk, liability or tax assessment to be the conduit of these bonds.

Corrine asked if they would need any building permits, sanitation etc. John stated they are negotiating with the owner of the property and they are going to utilize Roger DeHaan for the environmental health issue.

Julie stated the Bitterroot Composite Lumber Company already has a MOU in place with a vendor to sell some of their product in January of 2008. She asked what the time line might be for the county. Alex stated the county could move relatively quickly, but their might be some bond counsel issues. Commissioner Thompson asked Alex to review the proposal and make sure it meets with state law and that RCEDA could be utilized as the issuer of these bonds subject to final approval of the Commissioner. Commissioner Chilcott stated he wants to make sure there is no liability for the county. The Commissioners concurred that this sounds like a good project and they will make that review so the Bitterroot Composite Lumber Company can move forward.

The Board also met for various administrative matters which are as follows:

Commissioner Lyons made a motion to allow temporary road closure of Meyer Lane in Stevensville for the annual Fourth Grade Farm Fair, and to instruct the road department to 'dress' the road up that day and place the appropriate barricades in place for the day. Commissioner Thompson seconded the motion and all voted "aye".

Commissioner Thompson made a motion to approve of the addendum to the CBM Foods Contract for feeding the inmates. This addendum reflects a CPI adjustment in the rate of 3.2% for March 29, 2007 through March 28, 2008. Commissioner Lyons seconded the motion and all voted "aye".